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No.

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORPORATION,
*Petitioner,*

*vs.*

AMERICAN MEDICAL ASSOCIATION,
*Respondent.*

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

## PETITION FOR WRIT OF CERTIORARI

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## QUESTIONS PRESENTED

1. May private authors use the copyright laws to prevent others, including the government, from publishing and distributing the federal and state laws and regulations they have written?

2. When the federal and state governments adopt a privately written reference work as the official, legally mandated system for obtaining payment under various government-administered health care programs, is the work an uncopyrightable "system" under 17 U.S.C. § 102(b)?

## LIST OF PARTIES TO THE PROCEEDINGS PURSUANT TO RULES 14.1(b) AND 29.6

Pursuant to Supreme Court Rule 14.1(b), Petitioner certifies that the names of all parties to this proceeding appear in the caption of this Petition for Writ of Certiorari.

Pursuant to Supreme Court Rule 29.6, Petitioner certifies that it has no parents, subsidiaries, or affiliates.

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## PETITION FOR WRIT OF CERTIORARI

Petitioner Practice Management Information Corporation ("PMIC") respectfully petitions this Court for a writ of certiorari to review the decision below of the Court of Appeals for the Ninth Circuit. The Ninth Circuit held that the American Medical Association, a private author, may maintain copyrights in a medical coding system despite its adoption into law by the federal and state governments. That system, entitled *Physicians' Current Procedural Terminology*, governs the reimbursement of physicians for services performed under Medicare, Medicaid, and other government-administered health care programs.

PMIC has previously filed a Petition for Writ of Certiorari in this same case. Respondent, the American Medical Association ("AMA"), opposed PMIC's Petition solely on the ground that the Petition was premature. *See* Appendices H & I. By a letter and phone call to this Court, the AMA argued that this Court should not consider PMIC's Petition while the AMA's Petition for Rehearing was still pending in the Court of Appeals. *Id.* After receiving the AMA's argument, this Court denied PMIC's Petition. *See* 118 S. Ct. 339 (Docket No. 97-401). The Court of Appeals has since denied the AMA's Petition for Rehearing. *See* Appendix B. PMIC's Petition is now ripe, and PMIC respectfully requests this Court's consideration of this Petition.

## REPORTED DECISIONS

The Ninth Circuit's decision is reported at 121 F.3d 516, and is reprinted in Appendix A. After denying rehearing, the Ninth Circuit amended its opinion. That amendment is not yet reported, but is reprinted in Appendix C. The District Court's decision granting summary judgment is reported at 877 F. Supp. 1386, and is reprinted in Appendix E. The District Court's decision enjoining PMIC from publishing *Physicians' Current Procedural Terminology* is reported at 877 F. Supp. 1394, and is reprinted in Appendix F.

## STATEMENT OF JURISDICTION

This Court has jurisdiction under 28 U.S.C. § 1254(1) to review the Court of Appeals' August 6, 1997 decision upholding the validity of the American Medical Association's copyright. The Court of Appeals had jurisdiction under 28 U.S.C. § 1292. The District Court had jurisdiction over this copyright case under 28 U.S.C. §§ 1331, 1338.

## CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS INVOLVED

**A.** The following constitutional and statutory provisions are relevant to the issues raised by this Petition.

**U.S. Const. amend. V:**

[No person shall] be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

**17 U.S.C. § 102(b):**

In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

**B.** The following statutes and regulations illustrate the adoption of *Physicians' Current Procedural Terminology* into federal and state law, and are reprinted in Appendix G: *Health Insurance Portability and Accountability Act of 1996*, Pub. L. No. 104-191, 110 Stat. 2021 (1996), 42 U.S.C. § 1320d *et seq.*; *Omnibus Budget and Reconciliation Act of 1986*, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986); 20 C.F.R. § 10.411(c) (1997); 42 C.F.R. § 433.112(b) (1997); *State Medicaid*

*Manual*, Ch. 11 § 11300; CAL CODE REGS. tit. 1, § 20(e) (1994); CAL CODE REGS. tit. 22, § 51050 (1994).

## STATEMENT OF THE CASE

### A. The History of Privately Drafted Laws

For many years, private authors have written model codes and other works which were later adopted into law. For example, in the early 1950s, the American Law Institute completed the *Uniform Commercial Code* which has been adopted into law in 49 of the 50 states. *See Uniform Laws Annotated Directory of Uniform Acts and Codes* (1994). Later, the American Law Institute authored the *Model Penal Code* which has been adopted into law by various states. *See Status of Substantive Penal Law Revision: Annual Report*, 60 A.L.I. Proc. 560-63 (1983). Similarly, the American Bar Association authored the *Model Rules of Professional Responsibility* and the *Model Code of Professional Responsibility*, which have been adopted into law by various state and federal agencies. *See* American Bar Association, *Model Rules of Professional Responsibility* at viii (1993); 37 C.F.R. §§ 10.20 - 10.112 (1997) (adopting the *Model Code* for practice before the United States Patent & Trademark Office).

Traditionally, these law-writing organizations have not asserted any copyrights in their works after their adoption as law. Thus, there is no reported decision in which the American Law Institute or American Bar

Association attempted to enjoin a state or a private publisher from publishing and distributing a state's commercial code, penal code, or rules of professional responsibility.

Recently, however, some authors have claimed the right to enjoin publication of the laws they have written. For example, the private author of the Massachusetts Building Code unsuccessfully attempted to enjoin its publication by another publisher. *See Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980) (*BOCA*). Other private authors have been more successful enforcing a copyright in the laws they have written. For example, the compiler of the insurance reimbursement rates set by the laws of New York and New Jersey has successfully enjoined publication of these legally mandated rates by others. *See CCC Info. Servs. v. Maclean Hunter Mkt. Reports*, 44 F.3d 61 (2d Cir. 1994).

In reliance upon *CCC*, many private authors of state and municipal fire and safety codes now claim a copyright in their works. Indeed, in a brief filed in the Ninth Circuit in the present case, various drafters of model codes and standards each asserted copyrights in the federal and state laws and regulations which they had written. *See Ninth Circuit Joint Br. of Amici Curiae*; A7 & n.6.

In the present case, the AMA claims a copyright in a work which the federal and state governments have adopted into law. This work is entitled *Physicians' Current Procedural Terminology*, and is commonly known

as "the CPT" or "CPT-4." To better understand the issues raised by this Petition, it is helpful to have an understanding of the CPT and its role in federal and state law.

## B. The *Physicians' Current Procedural Terminology* Coding Book

The CPT was first published by the AMA in 1966, and is revised annually by the AMA. E2-E3. The CPT consists largely of a list of thousands of five-digit code numbers, each followed by a definition of the code number. *Id.* The definition is a description of the particular medical procedure which the code number represents. For example, code number 92950 is defined by the CPT as "cardiopulmonary resuscitation." *See Physicians' Current Procedural Terminology* 605 (1994). A sample section of the CPT, relating to the destruction of lesions, is reproduced below:

| | |
|---|---|
| 17260 | Destruction, malignant lesion, any method, trunk, arms or legs; lesion diameter 0.5 cm or less |
| 17261 | lesion diameter 0.6 to 1.0 cm |
| 17262 | lesion diameter 1.1 to 2.0 cm |
| 17263 | lesion diameter 2.1 to 3.0 cm |
| 17264 | lesion diameter 3.1 to 4.0 cm |
| 17265 | lesion diameter over 4.0 cm. |

*Id.* at 118.

The CPT must be used by physicians to obtain reimbursement for their medical services from the federal government, state governments, and private insurers. E3. The physician finds the most accurate description of the medical service performed, locates the corresponding CPT code number, and writes the code number on the appropriate reimbursement form. *Id.* Thus, a physician who performed cardiopulmonary resuscitation would enter "92950" on a reimbursement form; and a physician who destroyed a 3.5 cm lesion on a patient's arm would enter "17264."

### C. The United States And State Governments Have Adopted The CPT As Part Of Their Laws

In 1983, the AMA entered into a copyright license agreement with the Health Care Financing Administration ("HCFA").[1] Under the agreement, the AMA permitted HCFA to use the CPT coding system in its administration of the federal Medicare and Medicaid programs. In exchange for this license, HCFA agreed to use its regulatory powers as a federal agency to require the public to use the CPT in all programs administered by HCFA. *See* E4. The agreement does not permit HCFA to

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[1] HCFA is an agency of the United States government within the United States Department of Health and Human Services. *See* 42 Fed. Reg. 13262 (1977) (establishing HCFA).

distribute the CPT to the public, and HCFA does not do so. In addition, the agreement prohibited HCFA from using any medical coding system other than the CPT. *See* A12-A13.

To implement this agreement, HCFA incorporated the CPT into its regulations. E5. These regulations require physicians to identify their medical services by CPT code number in their communications with HCFA regarding Medicare and Medicaid. Physicians cannot receive payment under Medicare or Medicaid if they merely describe their services to HCFA using medical terminology, or identify their services using another medical procedure coding system. They must identify their services by CPT code number in order to obtain payment from the federal government.[2]

In addition, HCFA has incorporated the CPT into the Medicare Fee Schedule, published annually in the *Federal Register*. *See, e.g.*, 61 Fed. Reg. 59556 (1996); 58 Fed. Reg. 63689 (1993). The Medicare Fee Schedule is ***the*** federal regulation setting forth the amount of payment physicians are entitled to receive under Medicare.

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[2] *See* A3-A4; E5; *Omnibus Budget and Reconciliation Act of 1986*, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040 (1986) (mandating use of HCFA's Common Procedure Coding System, which incorporates the entire CPT); 42 C.F.R. § 433.112(b)(2) (1997) (incorporating *State Medicaid Manual*, Part 11, Section 11300, which mandates use of the HCPCS system, which includes the CPT); 50 Fed. Reg. 40895, 40898 (1985). *See also* AMA's Ninth Circuit Br. at 4.

Recently, Congress again incorporated the CPT into the laws and regulations governing Medicare and Medicaid. In the *Health Insurance Portability and Accountability Act of 1996*, Pub. L. No. 104-191, 110 Stat. 2021 (1996), 42 U.S.C. § 1320d *et seq.*, Congress expressly required all participants in Medicare and Medicaid to "comply with" the "standards" adopted by HCFA, and imposed fines for failure to comply. 42 U.S.C. § 1320d-4(b) (Supp. 1997); 42 U.S.C. § 1320d-5(a)(1) (Supp. 1997). The Act explains that "standards" include "code sets" which in turn include "any set of codes used for encoding . . . medical procedure codes" adopted by HCFA. 42 U.S.C. § 1320d(1) (Supp. 1997); 42 U.S.C. § 1320d-2(c) (Supp. 1997). Again, it is undisputed that the CPT is such a "code set."

The Department of Labor similarly requires all physicians treating patients under the Federal Employees' Compensation Act to report their services using only the appropriate CPT code number. A4 n.3; E5-E6, 20 C.F.R. § 10.411(c) (1997); 51 Fed. Reg. 8280 (1986). The State of California likewise requires use of the CPT in the California Medical Assistance Program. *See* CAL CODE REGS. tit. 22, § 51518(a)(4) (1994). California's regulations expressly incorporate the CPT as part of California law. *See* A4 n.3; CAL CODE REGS. tit. 22, § 51050 (1994); CAL CODE REGS. tit. 1, § 20(e) (1994) (declaring that documents incorporated by reference into regulations have the full force of law).

In short, the CPT coding system has been adopted into law at both the federal and state levels. It is the legally mandated system for communicating with the government to obtain reimbursement for medical procedures under a variety of state and federal programs.

**D. The Proceedings Below**

PMIC brought this action in the District Court to obtain a declaration that the AMA does not have a valid copyright in the CPT. PMIC alleged that the CPT entered the public domain when it was adopted into law. PMIC also alleged that the CPT was an uncopyrightable "system" under 17 U.S.C. § 102(b) because it is a legally mandated system for communicating with the government. Finally, PMIC alleged that the AMA had misused its copyright by contractually requiring HCFA not to use any competing medical coding system.

The District Court ruled on summary judgment that the AMA had a valid copyright in the CPT and enjoined PMIC from publishing the CPT. *See* E1-E22; F7. The Court did not dispute the well-settled principle that laws are not protectable by copyright. The Court also recognized that the CPT had been incorporated into federal and state law. E5. The Court concluded, however, that public policy required the recognition of copyrights in privately written works which have been incorporated into law. E11-E13. In particular, the Court expressed concern that a ruling in favor of PMIC might call into question the validity of other copyrights, and might inhibit the federal

government from incorporating privately drafted works into law in the future. *Id.* The Court did not address PMIC's argument that the CPT is an uncopyrightable system of communicating with the government.

The Ninth Circuit affirmed the District Court's decision upholding the validity of the AMA's copyright. A11. Like the District Court, the Ninth Circuit recognized that laws have never been subject to copyright protection. A5. The Ninth Circuit concluded, however, that the modern proliferation of private law-drafters required limiting this rule to laws drafted by public officials. A5-A7 & nn.4-5. Without copyright protection, the Ninth Circuit concluded, private law-drafters might not have sufficient incentive to draft new laws. *Id.* Accordingly, the Ninth Circuit held, privately drafted laws remain protected by copyright even after their adoption into law. A11.

The Ninth Circuit addressed PMIC's argument that the CPT is an uncopyrightable system under 17 U.S.C. § 102(b) only in a footnote. *See* A11 n.8. The Ninth Circuit recognized that the AMA's copyright in the CPT prevented "copying of an existing system." It concluded, however, that this result was consistent with 17 U.S.C. § 102(b) because competitors remain free to devise other systems. In its very brief discussion, the Ninth Circuit did not attempt to reconcile this holding with the plain language of Section 102(b), which expressly prohibits copyright protection for any "system."

The Ninth Circuit did agree with PMIC on one point. It held that the AMA had misused its copyright by contractually restricting the federal government's ability to use competing coding systems. *See* A12-A14. The Ninth Circuit concluded, however, that this misuse did not render the AMA's copyright invalid. A12 n.9.

The AMA filed a Petition for Rehearing, asking the Ninth Circuit to reconsider its copyright-misuse holding. On December 23, 1997, the Ninth Circuit denied the AMA's Petition. *See* B1-B2. On January 9, 1998, in response to the AMA's motion to stay the Ninth Circuit's mandate pending Supreme Court review of the misuse issue, the Ninth Circuit amended its opinion, without changing the result. *See* C1-C2. On January 16, 1998, the Ninth Circuit stayed the mandate pending a decision on both parties' respective petitions for writ of certiorari to this Court. D1-D2. This Petition addresses only the Ninth Circuit's holding that the AMA's copyright in the CPT remains valid, and not its holding that the AMA misused its copyright.

## SUMMARY OF ARGUMENT

Over a century ago, this Court held that laws written by public officials are free for all to publish and may not be protected by copyright. This Court's decisions were directly responsible for the widespread dissemination of laws and judicial opinions which we take for granted today.

In the modern regulatory age, however, it has become commonplace for public interest groups and trade associations to draft laws and regulations, especially in specialized and technical fields. Indeed, the federal government, through the Office of Management and Budget, now encourages all federal agencies to adopt privately written codes and standards. In the decision below, the Ninth Circuit held that these privately drafted laws and regulations remain the private property of the author, and copyrightable like any other work. Thus, under the Ninth Circuit's decision, private law drafters may use their copyright protection to exercise unfettered control over the publication and distribution of the laws and regulations they have written. That, in fact, is precisely what the AMA has done in this case.

In reaching its conclusion, the Ninth Circuit added to a growing split among the Circuit Courts. The First Circuit has squarely held that privately drafted laws are not protectable by copyright. In the First Circuit's view, the public's right to publish and distribute the laws outweighs any interest a private organization may have in private ownership of the laws. The Second Circuit, in contrast, has held that private works adopted as law are protected by copyright. The Ninth Circuit has now rejected the holding of the First Circuit and adopted the holding of the Second Circuit.

The Ninth Circuit also added to a second split among the Circuit Courts. Section 102(b) of the Copyright Act expressly prohibits copyright protection for any "system".

Relying upon this statute's plain language, the First, Second, Seventh, and Eleventh Circuits have all held that systems and similar functional works are *per se* uncopyrightable, even if other systems exist which perform similar functions.

The Eighth Circuit has held, however, that a system is protectable by copyright, as long as other systems exist or can be created. In the present case, the Ninth Circuit joined this minority view. The Ninth Circuit expressly recognized that the CPT is a medical coding system, but held that copyright protection is nevertheless proper because other competing systems exist or can be created.

This Court should grant certiorari to decide whether privately drafted laws are in the public domain, as held by the First Circuit, or are the personal property of the drafters, as held by the Second and Ninth Circuits. In addition, because the work at issue in this case is a functional system which lies at the core of public health care, this Court should resolve the well-developed split among the Circuit Courts over the copyrightability of systems.

## REASONS FOR GRANTING THE WRIT

### I.

### WHETHER PRIVATE AUTHORS MAY PREVENT PUBLICATION AND DISTRIBUTION OF THE LAWS THEY HAVE WRITTEN IS AN ISSUE OF GREAT NATIONAL IMPORTANCE

This Court has long recognized the paramount importance of the public's right to publish and distribute the laws. *See Banks v. Manchester*, 128 U.S. 244, 253-54 (1888); *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 668 (1834). As this Court explained in the context of judicial opinions:

> The whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all.

*Banks*, 128 U.S. at 253. "[C]itizens must have free access to the laws which govern them." *BOCA*, 628 F.2d at 734. The laws are "public property, to be freely published by any one who may choose to publish them." *Connecticut v. Gould*, 34 F. 319, 319 (C.C.N.D.N.Y. 1888).

Accordingly, since the earliest days of this nation, this Court and the lower courts have recognized that laws, regulations, and judicial opinions cannot be protected by copyright. *Banks*, 128 U.S. at 253-54; *Wheaton*, 33 U.S.

(8 Pet.) at 668; *Connecticut*, 34 F. at 319-20; *Davidson v. Wheelock*, 27 F. 61, 61-62 (C.C.D. Minn. 1866); *Nash v. Lathrop*, 142 Mass. 29, 6 N.E. 559, 560 (1886). This fundamental principle remains true today. *See, e.g.*, *BOCA*, 628 F.2d at 733-34; *Georgia ex rel. v. Harrison Co.*, 548 F. Supp. 110, 114 (N.D. Ga. 1982).

Recognition of this basic legal principle was critical to the widespread dissemination of the law which we take for granted today. Before this Court's seminal decision in *Wheaton*, legal publishers commonly claimed copyright protection in the laws they published, and charged the public monopolistic prices for copies of statutes and judicial opinions. *See* L. Patterson & C. Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. Rev. 719, 733-34 (1989). *Wheaton* ended this practice. *Id.* As explained in *Monopolizing the Law*:

> After *Wheaton* was handed down, entrepreneurs throughout the country scrambled to publish new editions of reports which, theretofore, had been scarce and thus difficult to consult because the proprietors of the copyrights in the volumes had held their prices artificially high.

*Id.* *See also id.* at 734 n.49.[3]

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[3] This Court cited *Monopolizing the Law* with approval at least six times in its landmark copyright decision in *Feist Publications v. Rural Tel. Serv.*, 499 U.S. 340 (1991).

The Ninth Circuit concluded, however, that *Wheaton* and its progeny are limited to laws drafted by public officials. A5-A11. In the Ninth Circuit's view, laws drafted by private organizations are protectable by copyright. *Id.*

The Ninth Circuit's decision impacts the public's right to publish and distribute a large and expanding set of laws. As the Ninth Circuit recognized, it is now commonplace for private organizations to draft laws, regulations, and other legally binding standards. A6 & n.5. *See also Ninth Circuit Joint Br. of Amici Curiae* at 12 (describing various state regulations which were written by private organizations). Indeed, as the First Circuit has recognized, there is a "trend towards state and federal adoption, either by means of incorporation by reference or otherwise, of model codes." *BOCA*, 628 F.2d at 736. Federal policy has accelerated this trend by favoring the adoption of private codes and standards. The Office of Management and Budget has directed all federal agencies to consider adopting privately drafted codes and standards to eliminate the cost to the government of developing its own standards. *See* 58 Fed. Reg. 57643, 57644-45 (1993). *See also* A6 n.4; *Ninth Circuit Joint Br. of Amici Curiae* at 11. The Ninth Circuit's decision thus will have a profound and negative impact on the public's right to publish and distribute the laws.

Moreover, it is undisputed that today's private law drafters, like the pre-*Wheaton* law publishers, are using their copyright monopolies to restrict publication and

distribution of the laws. The AMA, for example, refuses to allow PMIC or any other publisher to publish the CPT. Indeed, the AMA will not even permit the government to publish or distribute the CPT to the public. In addition, the AMA, like the pre-*Wheaton* law publishers, charges a premium for the CPT because of its copyright monopoly. Similarly, the *amici curiae* who supported the AMA will not permit others to publish the regulations they draft. *See Ninth Circuit Joint Br. of Amici Curiae.*

This Court should grant certiorari to examine, for the first time in over a century, the important issue of the public's right to publish the laws, and decide whether laws drafted by private parties are the personal property of the drafters.

## II.

## THE CIRCUITS ARE SHARPLY DIVIDED OVER THE COPYRIGHTABILITY OF PRIVATELY DRAFTED LAWS

### A. The Decisions Of The First, Second, And Ninth Circuits Are In Conflict

This Court has never been confronted with a case in which a private author has asserted a copyright in the laws it has written. As the Ninth Circuit stated, "The Supreme Court has not considered a case in which the author asserted a proprietary interest in material adopted by the government as law." A8-A9. The Circuit Courts which have considered the issue are sharply divided.

The copyrightability of privately drafted laws was first addressed by the First Circuit. *See BOCA*, 628 F.2d 730. In *BOCA*, the District Court had preliminarily enjoined the defendant from publishing the Massachusetts Building Code, which was based upon a model code authored by the plaintiff. *Id.* at 731. The plaintiff urged the First Circuit to uphold the injunction by limiting *Wheaton* and its progeny to laws drafted by public officials at taxpayer expense. *Id.* at 733.

After reviewing this Court's decisions in *Wheaton* and *Banks*, the First Circuit squarely rejected this argument. *Id.* at 733-35. The Court concluded that all laws are in the public domain regardless of who drafted them. *Id.* As the First Circuit explained:

> The cases hold that the public owns the law not just because it usually pays the salaries of those who draft legislation, but also because, in the language of *Banks v. West*, 27 F. 50, 57 (C.C.D. Minn. 1886), "Each citizen is a ruler, – a law-maker." The citizens are the authors of the law, and therefore its owners, regardless of who actually drafts the provisions, because the law derives its authority from the consent of the public, expressed through the democratic process.

*BOCA*, 628 F.2d at 734.

In addition, the First Circuit was guided by "the very important and practical policy that citizens must have free

access to the laws which govern them." *Id.* This policy, the Court explained, is "based on the concept of due process." *Id.* As the First Circuit explained:

> Due process requires people to have notice of what the law requires of them so that they may obey it and avoid its sanctions. . . . [T]he holder of a copyright has the right to refuse to publish the copyrighted material at all and may prevent anyone else from doing so, thereby preventing any public access to the material. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 52 S. Ct. 546, 76 L. Ed. 1010 (1932). We cannot see how this aspect of copyright protection can be squared with the right of the public to know the law to which it is subject.

*Id.* at 734-35.

Accordingly, the First Circuit vacated the preliminary injunction issued by the District Court. *Id.* at 736. Because the issue was one of first impression, the First Circuit permitted the plaintiff to present additional arguments on remand in support of its claim of copyright. *Id.* The First Circuit cautioned, however, that:

> it is hard to see how the public's essential due process right of free access to the law (including a necessary right freely to copy and circulate all or part of a given law for various purposes), can

> be reconciled with the exclusivity afforded a copyright holder.

*Id.* (parenthetical in original).

The issue was next addressed at the appellate level by the Second Circuit in *CCC Info. Servs. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2nd Cir. 1994). In *CCC*, the District Court invalidated the plaintiff's copyright in a listing of used car values it had compiled. *Id.* at 64. The States of New York and New Jersey had adopted the listed values as the official, state-mandated reimbursement rates for certain insurance transactions in those two states. *Id.* at 73 & n.29.

The defendant urged the Second Circuit to affirm, relying upon the First Circuit's decision in *BOCA*. *CCC*, 44 F.3d at 73. The Second Circuit, however, found the First Circuit's reasoning unpersuasive and reversed. *Id.* at 74. The Second Circuit recognized that "there are indeed policy considerations that support" the conclusion that laws cannot be protected by copyright. *Id.* However, the Second Circuit relied upon "countervailing considerations" to reach the opposite result. *Id.* In particular, the Second Circuit expressed concern that the invalidation of a copyright when the government adopts a work as law "would raise very substantial problems under the Takings Clause of the Constitution." *Id.* This concern, the Second Circuit concluded, outweighed the Due Process concerns

cited by the First Circuit, and warranted upholding the copyright. *Id.*[4]

In the present case, the Ninth Circuit joined the Second Circuit and held that privately drafted laws may be protected by copyright. The Ninth Circuit recognized the "due process requirement of free access to the law," on which the First Circuit based its decision in *BOCA*. A7. However, like the Second Circuit, the Ninth Circuit concluded this constitutional requirement was outweighed by other concerns. In particular, the Ninth Circuit concluded that following the First Circuit's lead might reduce the incentive of private organizations to draft laws and regulations. A5-A7. The Ninth Circuit also relied upon the Takings Clause concern mentioned by the Second Circuit. A10-A11 (quoting *CCC*, 44 F.3d at 74).

The Ninth Circuit never squarely confronted the conflict between the First and Second Circuits. To the contrary, the Ninth Circuit disingenuously implied that the decisions of the First and Second Circuits are somehow consistent. *See* A9-A11. These decisions, however, could not be in clearer conflict. This Court should grant certiorari to resolve this important conflict among the First, Second, and Ninth Circuits.

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[4] Faced with identical facts, the District Court for the Northern District of Illinois reached the opposite conclusion, relying upon the First Circuit's decision in *BOCA*. *See NADA Servs. Corp. v. CCC Info. Servs., Inc.*, Case No. 91-C-4593, 1991 U.S. Dist. LEXIS 18874 (N.D. Ill. Nov. 14, 1991).

**B. This Court May Resolve The Circuit Conflict Without Reaching The Constitutional Questions Addressed By The First, Second, And Ninth Circuits**

The First, Second, and Ninth Circuits each chose to address the copyrightability of privately drafted laws by balancing various constitutional and policy considerations. This important issue, however, may be resolved through application of a basic principle of copyright law: the "merger" doctrine.

It is axiomatic that copyright law protects only an author's expression of an idea and not the idea itself. *Feist Publications v. Rural Tel. Serv.*, 499 U.S. 340, 344-45, 350 (1991); *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 547, 556 (1985); *Mazer v. Stein*, 347 U.S. 201, 207 (1954). When an idea can be expressed in only one way, the idea and its expression are said to "merge." *See Bellsouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.*, 999 F.2d 1436, 1442 (11th Cir. 1993) (en banc); *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 742 (9th Cir. 1971). When a merger occurs, the law favors the policy of free access to ideas and facts and denies copyright protection altogether. *See Kern River Gas Transmission Co. v. Coastal Corp.*, 899 F.2d 1458, 1463 (5th Cir. 1990); *see also* 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 13.03[B][3] (1996); 1 Paul Goldstein, *Copyright* § 2.3.2 (2d ed. 1996).

A claim of a copyright in the law presents the strongest possible case for a finding of merger. The idea and expression of a law necessarily merge. A law contains no copyrightable "expression" because it can be accurately expressed in only one way. Virtually any change in the text of the law will have some material effect on the law's meaning. Once the law is modified in any way, it is no longer the official, legally binding text. It is no longer the law. Accordingly, idea and any expression in a law are merged, and laws cannot be protected by copyright.

In this case, the CPT has been adopted into law by various federal and state agencies. These agencies have specified that only the code numbers contained in the CPT may be used to obtain payment under Medicare, Medicaid, and other government health programs. Thus, a physician seeking reimbursement cannot use a work which modifies the "expression" contained in the CPT in any way. A physician must use an exact copy of the CPT as adopted by federal and state law. The idea and expression of the CPT thus merged upon its adoption as law. Accordingly, the AMA can have no valid copyright in the CPT.

## III.

## THE CIRCUITS ARE ALSO SPLIT OVER WHETHER A FUNCTIONAL SYSTEM MAY BE PROTECTED BY COPYRIGHT

Closely related to the distinction between an idea and its expression is the distinction between a functional system and a description of the system. As this Court explained in the seminal case of *Baker v. Selden*, 101 U.S. 99, 101-02 (1880), copyright law may protect a creative description or explanation of a functional system, but it does not protect the system itself. Thus, an author's description of a bookkeeping system may be protected by copyright, but the bookkeeping system itself cannot. *Id.* at 101-02. Similarly, a description of a system of shorthand may be protected by copyright, but the shorthand system itself cannot. *See Brief English Sys., Inc. v. Owen*, 48 F.2d 555, 556 (2d Cir. 1931). These systems may be protected, if at all, only by a patent. *Baker*, 101 U.S. at 102-03; *id.* at 105.

This principle is now codified in Section 102(b) of the Copyright Act which states:

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, ***system***, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. § 102(b) (emphasis added). *See also Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1250 (3d Cir. 1983) (Section 102(b) codifies *Baker v. Selden*); 1 Paul Goldstein, *Copyright* § 2.3.1.1 (2d ed. 1996) (same).

The Circuit Courts are sharply divided over the proper interpretation of Section 102(b). The Eighth Circuit has held that a system may be protected by copyright as long as other competitive systems are available. *See Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). Thus, the Eighth Circuit concluded that a system for numbering lawnmower parts is protectable by copyright because other parts-numbering systems exist or can be developed. *Id.*

Similarly, the Seventh Circuit has held that a system for reporting dental procedures to insurance companies may be protected by copyright. *American Dental Assn. v. Delta Dental Plans Assn.*, 126 F.3d 977, 980-81 (7th Cir. 1997). Section 102(b), the Seventh Circuit held, permits the public to use the dental coding system, and to copy all forms necessary to use the system; but it does not permit the public to copy the system itself. *Id.*

Other circuits have reached the opposite conclusion, holding that systems are *per se* uncopyrightable under Section 102(b), regardless of the availability of alternative systems. For example, the Eleventh Circuit, sitting *en banc*, has recently held that a system for selecting communities to include in a cable television directory was

an uncopyrightable "system" under 17 U.S.C. § 102(b), though other compiling systems were clearly available. *See Warren Publ'g, Inc. v. Microdos Data Corp.*, 115 F.3d 1509, 1517-19 (11th Cir.) (*en banc*), *cert. denied*, 118 S. Ct. 397 (1997).[5] Similarly, the Seventh Circuit, before issuing its recent *American Dental* decision, held that a recipe is an uncopyrightable "procedure, process, [or] system" under Section 102(b), even though many competing recipes exist for almost every dish. *See Publications Int'l, Ltd. v. Meredith Corp.*, 88 F.3d 473, 481 (7th Cir. 1996). In addition, before the enactment of Section 102(b), the Second Circuit held that a specific shorthand system is not protectable by copyright, even though many other shorthand systems exist. *Brief English*, 48 F.2d at 556.

In two separate decisions, the First Circuit has reached the same conclusion. In *CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc.*, 97 F.3d 1504, 1519 (1st Cir. 1996), the First Circuit held that a specific method of conducting a radio promotional contest is not protectable by copyright, even though many methods of conducting a contest exist. Similarly, in *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807, 815-19 (1st Cir. 1995), *aff'd by an equally divided Court*, 516 U.S. 233 (1996), the First Circuit held that a specific computer menu command

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[5] The dissent unsuccessfully urged the full court to follow the Eighth Circuit's decision in *Toro*, 787 F.2d at 1212, and uphold the plaintiff's copyright. *See Warren Publ'g*, 115 F.3d at 1529-30 (Godbold, J., dissenting).

hierarchy is not protectable by copyright. Significantly, the *Lotus* Court expressly held that the availability of other hierarchies was irrelevant to its analysis. *Id.* at 816.

Two terms ago, this Court granted certiorari in *Lotus*, presumably to address this circuit split and decide what types of works constitute a "procedure, process, system, [or] method of operation" within the meaning of Section 102(b). *See Lotus Dev. Corp. v. Borland Int'l, Inc.*, 515 U.S. 1190 (1995). However, after oral argument this Court divided evenly, four to four, and issued no opinion. *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 516 U.S. 233, *reh'g denied*, 516 U.S. 1167 (1996).

This case presents a second opportunity to address this circuit conflict. The work at issue here, the CPT, is a legally mandated system of communicating with the government. The CPT is not an explanation of a system, but the system itself. It is nothing but a listing of codes and definitions, which form the only legally permissible method of communicating with the government to obtain reimbursement under a variety of medical programs.[6]

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[6] The introduction to the CPT does include a brief explanation of how to use the CPT. *See Physicians' Current Procedural Terminology* x-xvi (1994). PMIC has never asserted any right to reproduce this material. To the contrary, PMIC's President, James Davis, has written his own book explaining in much greater detail how to use the CPT system. *See* James B. Davis, *CPT & HCPCS Coding Made Easy!* (2d ed. 1993).

The Ninth Circuit upheld the AMA's copyright in the CPT system over PMIC's Section 102(b) challenge. Joining the Eighth Circuit, the Ninth Circuit expressly held that a copyright may be used to "prevent[] wholesale copying of an existing ***system***." A11 n.8. (emphasis added). Like the Eighth Circuit, the Ninth Circuit concluded that systems are copyrightable under Section 102(b) as long as other systems are available or may be created. In the Ninth Circuit's view, the AMA may maintain a copyright in its system because:

> the AMA's copyright . . . does not prevent Practice Management or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them.

*Id.* The Ninth Circuit has thus squarely joined the Eighth Circuit's minority view.

Moreover, the Ninth Circuit went further. It did not only grant copyright protection to a system, as the Eighth Circuit did in *Toro*, 787 F.2d at 1212. It granted copyright protection to a ***legally mandated*** system. The CPT is a system which, by law, cannot be varied in any way and still serve its legally mandated function of facilitating standardized communication with the government. Thus, any "expression" in the CPT is legally mandated expression and should not be protected by copyright.

This Court should grant certiorari, as it did in *Lotus v. Borland*, to resolve this conflict among the First, Second, Seventh, Eighth, Ninth and Eleventh Circuits.

## CONCLUSION

The Ninth Circuit's decision is of great national importance. It grants private organizations copyright protection in the laws and regulations they have drafted. The Ninth Circuit's decision deprives the public of the right to publish and distribute these laws and regulations, granting unfettered control to the private organizations that draft them. Moreover, the Ninth Circuit's decision is in clear conflict with the decisions of other Circuit Courts. Accordingly, this Court should grant a writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

Respectfully submitted,

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Date: January 29, 1998

# APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Appeal No. 94-56774
D.C. No. CV-94-03107-DT

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California Corporation,
*Plaintiff-Appellant*,
v.
THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,
*Defendant-Appellee*

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, DICKRAN M. TEVRIZIAN, DISTRICT JUDGE, PRESIDING

Argued and Submitted August 7, 1995
Submission Vacated June 18, 1996
Resubmitted September 13, 1996
Pasadena, California

Filed August 6, 1997

Before: James R. Browning, William A. Norris, and Stephen Reinhardt, Circuit Judges

Opinion by Judge Browning

## OPINION

BROWNING, Circuit Judge:

Practice Management Information Corporation ("Practice Management") appeals from a partial summary judgment and preliminary injunction forbidding it from publishing a medical procedure code copyrighted by the American Medical Association ("the AMA").[1]

I.

Over thirty years ago, the AMA began the development of a coding system to enable physicians and others to identify a particular medical procedures with precision. These efforts culminated in the publication of the Physician's Current Procedural Terminology ("the CPT"), on which the AMA claims a copyright.

The current edition of the CPT identifies more than six thousand medical procedures and provides a five-digit code and brief description for each. The CPT is divided into six sections — evaluation, anesthesia, surgery, radiology pathology and medicine. Within each section, procedures are arranged to enable the user to locate the code number readily. In the anesthesia section, procedures are grouped according to the body part receiving the

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[1] We have jurisdiction under 28 U.S.C. § 1292(a)(1). *See MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 516 (9th Cir. 1993).

anesthetic; in the surgical section, the procedures are grouped according to the body system, such as the digestive or urinary system, on which surgery is performed. The AMA revises the CPT each year to reflect new developments in medical procedures.

In 1977, Congress instructed the Health Care Financing Administration ("HCFA") to establish a uniform code for identifying physicians' services for use in completing Medicare and Medicaid claim forms. *See* 42 U.S.C. § 1395w-4(c)(5). Rather than creating a new code, HCFA contracted with the AMA to "adopt and use" the CPT. Agreement ¶ 1. The AMA gave HCFA a "non-exclusive, royalty free, and irrevocable license to use, copy, publish and distribute" the CPT. *Id.* ¶ 3(a). In exchange, HCFA agreed "not to use any other system of procedure nomenclature . . . for reporting physicians' services" and to require use of the CPT in programs administered by HCFA, by its agents, and by other agencies whenever possible. *Id.* ¶¶ 1, 2.[2]

HCFA published notices in the Federal Register incorporating the CPT in HCFA's Common Procedure Coding System, *see* 48 Fed. Reg. 16750, 16753 (1983); 50 Fed. Reg. 40895, 40897 (1985), and adopted regulations requiring applicants for Medicaid reimbursement to use the CPT. *See* 42 C.F.R. § 433.112(b)(2) (requiring

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[2] HCFA had the right to cancel the agreement and use a competing coding system at any time and without penalty on ninety days notice. Agreement ¶ 10.

compliance with Part 11 of the *State Medicaid Manual*, which requires states receiving federal funding for Medicaid to adopt the Administration's Common Procedure Coding System as the exclusive medical procedure coding system).[3]

Practice Management, a publisher and distributor of medical books, purchases copies of the CPT from the AMA for resale. After failing to obtain the volume discount it requested, Practice Management filed this lawsuit seeking a declaratory judgment that the AMA's copyright in the CPT was invalid for two reasons: (1) the CPT became uncopyrightable law when HCFA adopted the regulation mandating use of CPT code numbers in applications for Medicaid reimbursement, and (2) the AMA misused its copyright by entering into the agreement that HCFA would require use of the CPT to the exclusion of any other code. The district court granted partial summary judgment for the AMA and preliminarily enjoined Practice Management from publishing the CPT. Practice Management appeals.

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[3] Other federal agencies require physicians to use the CPT. *See, e.g.*, 20 C.F.R. § 10.411(c) (stating that physicians seeking compensation under the Federal Employees' Compensation Act must identify their services using CPT codes). The state of California has incorporated the CPT into its Code of Regulations. *See* Cal. Code Regs. tit. 22, § 51050.

II.

**[1]** Practice Management's argument that the CPT became law and entered the public domain when HCFA by regulation required its use rests ultimately upon *Banks v. Manchester*, 128 U.S. 244 (1888), which held that judicial opinions are uncopyrightable. *Banks* in turn rests upon two grounds, neither of which would justify invalidation of the AMA's copyright.

**[2]** The first ground for the *Banks* holding that judicial opinions are not subject to copyright is that the public owns the opinions because it pays the judges' salaries. *Id.* at 253. The second is that as a matter of public policy, "the whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all . . . ." *Id.*

**[3]** The first ground is clearly not applicable to the CPT. The copyright system was not significant in *Banks* because judges had no proprietary interest in their opinions. The copyright system is of central importance in this case because the AMA authored, owns, and maintains the CPT and claims a copyright in it.

**[4]** The copyright system's goal of promoting the arts and sciences by granting temporary monopolies to copyrightholders was not at stake in *Banks* because judges' salaries provided adequate incentive to write opinions. In contrast, copyrightability of the CPT

provides the economic incentive for the AMA to produce and maintain the CPT. "To vitiate copyright, in such circumstances, could, without adequate justification, prove destructive of the copyright interest, in encouraging creativity," a matter of particular significance in this context because of "the increasing trend toward state and federal adoptions of model codes." 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 5.06[C], at 5-92 (1996).[4] As the AMA points out, invalidating its copyright on the ground that the CPT entered the public domain when HCFA required its use would expose copyrights on a wide range of privately authored model codes, standards, and reference works to invalidation.[5]

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[4] *See also Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730, 736 (1st Cir. 1980) (recognizing "a possible trend towards state and federal adoption, either by means of incorporation by reference or otherwise, of model codes"); 58 Fed. Reg. 57643, 57644-45 (1993) (Office of Management and Budget directed federal agencies to adopt private standards "whenever practicable" in order to "eliminate[] the costs to the Government of developing its own standards").

[5] *See, e.g.*, 32 C.F.R. § 199.13(e)(2) (limiting payment of dental benefits to procedures defined in the Current Dental Terminology); 32 C.F.R. § 199.2 (conditioning payment of civilian medical benefits for mental disorders on showing the patient has a disorder listed in the *Diagnostic & Statistical Manual of Mental Disorders (DSM III)*); 16 C.F.R § 1505.5(e)(5) (requiring electrically operated toys to have a type SP-2 electrical

Non-profit organizations that develop these model codes and standards warn they will be unable to continue to do so if the codes and standards enter the public domain when adopted by a public agency.[6]

[5] The second consideration underlying *Banks* — the due process requirement of free access to the law — may be relevant but does not justify termination of the AMA's copyright. There is no evidence that anyone wishing to use the CPT has any difficulty obtaining access to it. *See Texas v. West Publ'g Co.*, 882 F.2d 171, 177 (5th Cir. 1989). Practice Management is not a potential

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power cord, as defined in the National Electrical Code authored by the National Fire Protection Association); 16 C.F.R. § 1201.7 (requiring architectural glazing materials to conform to standards published by the American National Standards Institute); 7 C.F.R. § 1755.870(a)(8) (incorporating by reference Underwriters Laboratories Inc.'s Standard Test for Flame Propagation Height of Electrical and Optical-Fiber Cables Installed Vertically in Shafts); 11th Cir. R. 28-2(j) (requiring attorneys to conform their citations to *The Bluebook: A Uniform System of Citation*).

[6] Amicus briefs have been filed by the American Dental Association, American National Standards Institute, American Society of Association Executives, American Society of Heating, Refrigerating & Air-Conditioning Engineers, American Society of Mechanical Engineers, American Society for Testing and Materials, National Fire Protection Association, and Underwriters Laboratories Inc.

user denied access to the CPT, but a putative copier wishing to share in the AMA's statutory monopoly. Practice Management does not assert the AMA has restricted access to users or intends to do so in the future.

**[6]** The AMA's right under the Copyright Act to limit or forgo publication of the CPT poses no realistic threat to public access. The AMA has no incentive to limit or forgo publication. If the AMA were to do so, HCFA would no doubt exercise its right to terminate its agreement with the AMA.[7] Other remedies would also be available, including "fair use" and due process defenses for infringers, *see* 1 Nimmer & Nimmer, *supra*, § 5.06[C], at 5-92, and, perhaps most relevant, mandatory licensing at a reasonable royalty could be required in light of the great public injury that would result if adequate access to the CPT were denied. *See Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988); *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 976 (9th Cir. 1982), *rev'd on other grounds*, 464 U.S. 417 (1984).

The Supreme Court has not considered a case in which the author asserted a proprietary interest in material

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[7] Alternatively, HCFA might by regulation or contract require the AMA to provide greater access. *See* H.R. Rep. No. 94-1476, at 59, *reprinted in* 1976 U.S.C.C.A.N. 5659, 5672; Marvin J. Nodiff, *Copyrightability of Works of the Federal and State Governments Under the 1976 Act*, 29 St. Louis L.J. 91, 104 (1984).

adopted by the government as law. However, the First and Second Circuits have declined to enjoin enforcement of private copyrights in these circumstances.

In *Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730 (1st Cir. 1980), the district court preliminarily enjoined Code Technology, Inc. from copying a building code copyrighted by Building Officials & Code Administration ("BOCA"), a private, non-profit group, and adopted by the State. The First Circuit reversed. It recognized the problem posed by *Banks*, but nonetheless refrained from holding BOCA's copyright invalid:

> Groups such as BOCA serve an important public function; arguably they do a better job than could the state alone in seeing that complex yet essential regulations are drafted, kept up to date and made available. Since the rule denying copyright protection to judicial opinions and statutes grew out of a much different set of circumstances than do these technical regulatory codes, we think BOCA should at least be allowed to argue its position fully on the basis of an evidentiary record, into which testimony and materials shedding light on the policy issues discussed herein may be placed.

*Id.* at 74.

In *CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), the Second Circuit declined to invalidate the copyright on a privately prepared listing of automobile values that several states required insurance companies to use in calculating awards:

> We are not prepared to hold that a state's reference to a copyrighted work as a legal standard for valuation results in loss of the copyright. While there are indeed policy considerations that support CCC's argument, they are opposed by countervailing considerations. For example, a rule that the adoption of such a reference by a state legislature or administrative body deprived the copyright owner of its property would raise very substantial problems under the Takings Clause of the Constitution. We note also that for generations, state education systems have assigned books under copyright to comply with a mandatory school curriculum. It scarcely extends CCC's argument to require that all such assigned books lose their copyright — as one cannot comply with the legal requirements without using the copyrighted works. Yet we think it unlikely courts would reach this conclusion. Although there is scant authority of CCC's argument, Nimmer's treatise opposes such a suggestion

> as antithetical to the interests sought to be advanced by the Copyright Act.

*Id.* at 736.

For the reasons we have stated earlier, as well as those relied upon by the First and Second Circuits, we affirm the district court's conclusion that the AMA's copyright in the CPT should be enforced.[8]

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[8] Practice Management argues that the CPT is an uncopyrightable industry standard or "idea" under section 102(b) of the Copyright Act, the merger doctrine, and *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523-24 (9th Cir. 1993) because HCFA mandates use of CPT codes in Medicaid applications. This court has not allowed the owners of copyrights in expressions mandated by industry standards to use their copyrights to stifle independent creative expression in the industry. *Sega*, 977 F.2d at 1523-24. However, the AMA's copyright does not stifle independent creative expression in the medical coding industry. It does not prevent Practice Management or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them. It simply prevents wholesale copying of an existing system.

Practice Management did not appeal the district court's finding that the CPT was sufficiently original to qualify for copyright protection, and we do not review that question.

III.

Practice Management argues that the AMA misused its copyright by negotiating a contract in which HCFA agreed to use the CPT exclusively. *See Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970, 977-79 (4th Cir. 1990) (defense of copyright misuse "forbids the use of the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office"); *see also DSC Communications Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601 (5th Cir. 1996) (same).[9] We have implied in prior decisions that misuse is a defense to copyright infringement. *See Triad Sys. Corp. v. Southeastern Express Co.*, 64 F.3d 1330, 1337 (9th Cir. 1995); *Supermarket of Homes, Inc. v. San Fernando Valley Bd. of Realtors*, 786 F.2d 1400, 14808 (9th Cir. 1986). We now adopt that rule.

[7] On the undisputed facts in the record before us, we conclude the AMA misused its copyright by licensing the CPT to HCFA in exchange for HCFA's agreement not to use a competing coding system. The AMA argues it did not insist HCFA use only the CPT; rather, HCFA decided to use a single code to take advantage of natural efficiencies. However, the plain language of the AMA's licensing agreement requires HCFA to use the AMA's copyrighted coding system and

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[9] Copyright misuse does not invalidate a copyright, but precludes its enforcement during the period of misuse. *See Lasercomb*, 911 F.2d at 979 n.22.

prohibits HCFA from using any other. The exclusivity requirement is a part of the consideration in exchange for which the AMA agreed to grant HCFA a "non-exclusive, royalty free, and irrevocable license to use, copy, publish and distribute" the CPT. Although HCFA apparently had nothing to gain from inclusion of the exclusivity provision, which side urged its inclusion is of no consequence. *Cf. Anchor Serum Co. v. Federal Trade Comm.*, 217 F.2d 867, 870 (7th Cir. 1954) (rejecting argument that exclusive dealing contract did not violate section 3 of the Clayton Act because buyer initiated negotiations and seller did not impose the contract terms on buyer). The controlling fact is that HCFA is prohibited from using any other coding system by virtue of the binding commitment it made to the AMA to use the AMA's copyrighted material exclusively. The absence of the agreement would not preclude HCFA from doing what the AMA suggest would be proper — deciding on its own to use only the AMA's system. What offends the copyright misuse doctrine is not HCFA's decision to use the AMA's coding system exclusively, but the limitation imposed by the AMA licensing agreement on HCFA's rights to decide whether or not to use other forms as well. Conditioning the license on HCFA's promise not to use competitors' products constituted a misuse of the copyright by the AMA.

**[8]** The adverse effects of the licensing agreement are apparent. The terms under which the AMA agreed to license use of the CPT to HCFA gave the AMA a substantial and unfair advantage over its competitors.

By agreeing to license the CPT in this manner, the AMA used its copyright "in a manner violative of the public policy embodied in the grant of a copyright." *Lasercomb*, 911 F.2d at 977.

**[9]** The AMA argues the copyright misuse defense fails because Practice Management did not establish an antitrust violation. We agree with the Fourth Circuit that a defendant in a copyright infringement suit need not prove an antitrust violation to prevail on a copyright misuse defense. *See Lasercomb*, 911 F.2d at 978.

**[10]** We also reject the AMA's argument that the *Noerr-Pennington* doctrine immunized its actions. Because Practice Management need not establish an antitrust violation, we need not consider the AMA's antitrust defenses. Moreover, because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake.

IV.

We affirm the district court's ruling that the AMA did not lose its copyright when use of the CPT was required by government regulations, but reverse the ruling with respect to copyright misuse. We hold that Practice Management established its misuse defense as a matter of

law, vacate the preliminary injunction, and remand for entry of judgment in favor of Practice Management.

AFFIRMED IN PART, REVERSED IN PART, VACATED, AND REMANDED.

**Each party shall bear their own costs.**

# APPENDIX B

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
DEC. 23, 1997
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

| | | |
|---|---|---|
| PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation, | ) | No. 94-56774 |
| Plaintiff, Appellant, | ) | D.C. No. CV-94-03107-DT |
| v. | ) | |
| THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation, | ) | ORDER |
| Defendant, Appellee. | ) | |

Before: BROWNING and REINHARDT, Circuit Judges

The panel has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for an en banc rehearing, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

# APPENDIX C

FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
JAN. 9, 1998
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

| | | |
|---|---|---|
| PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation, | ) | No. 94-56774 |
| Plaintiff-Appellant, | ) | D.C. No. CV-94-03107-DT |
| v. | ) | |
| THE AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation, | ) | O R D E R AMENDING OPINION |
| Defendant-Appellee. | ) | |

Filed January 9, 1998

Before: BROWNING and REINHARDT, Circuit Judges

The opinion filed on August 6, 1997 is amended as follows:

(1) The second sentence in the last paragraph of Section III is stricken, and the third sentence is amended to read: "Because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." 121 F.3d 516, 521 (9th Cir. 1997).

(2) The words "on its copyright misuse claim" are added to the last sentence of the opinion. 121 F.3d at 521.

# APPENDIX D

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED
JAN. 16, 1998
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

| | | |
|---|---|---|
| PRACTICE MANAGEMENT INFORMATION CORPORATION, a California Corporation, | ) | |
| Plaintiff-Appellant, | ) | No. 94-56774 |
| v. | ) | D.C. No. CV-94-03107-DT |
| THE AMERICAN MEDICAL ASSOCIATION, and Illinois nonprofit corporation, | ) | |
| Defendant-Appellee. | ) | ORDER |

Before: BROWNING, Circuit Judge

Defendant-Appellee American Medical Association's Motion for Stay of Mandate Pending Petition for Certiorari is granted. The mandate is stayed pending the Defendant-Appellee's and Plaintiff-Appellant's respective petitions to the Supreme Court for a writ of certiorari.

# APPENDIX E

ENTERED
DEC. 8, 1994
Clerk, U.S. District Court
Central District of California
By /s/ Deputy

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,

Plaintiff-Counterdefendant,

vs.

AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,

Defendants-Counterplaintiff.

CASE NO. CV 94-3107 DT (GHKx)

ORDER **GRANTING** DEFENDANT AMERICAN MEDICAL ASSOCIATION'S MOTION FOR PARTIAL SUMMARY JUDGMENT AND **DENYING** PLAINTIFF PRACTICE MANAGEMENT INFORMATION CORPORATION'S CROSS-MOTION FOR SUMMARY JUDGMENT PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 56(c).

**Background**

**1.Summary of Facts.**

This action arises under the Declaratory Judgment Act, 28 U.S.C. § 2201. Plaintiff Practice Management Information Corporation ("PMIC") seeks a declaration that certain copyrights for the book entitled *Physicians' Current Procedural Terminology* ("CPT") of Defendant American Medical Association ("AMA") are invalid and unenforceable because the federal government has required physicians to use the numerical codes contained in the CPT when describing medical procedures in requests for government reimbursement.

The following facts are undisputed. PMIC is a publisher of medical books. Defendant American Medical Association ("AMA") is a non-profit corporation and its business includes publishing, licensing for publication, and selling books used by medical professionals.

Since 1966, the AMA has published the CPT, a reference book which describes medical services performed by physicians and assigns a specific numerical code to each service. Declaration of Barry S. Eisenberg, ¶ 4 (Filed in support of Defendant's Opposition to Plaintiff's Motion for Preliminary Injunction) ("Eisenberg Decl."); *see also* CPT, attached as Exhibit 1 to the Declaration of James Davis filed in support of PMIC's Motion for Preliminary Injunction ("CPT" or "Exh. 1"). The CPT contains a list of thousands of five-digit code

numbers and two-digit modifiers, each followed by a description of particular medical procedures. *See* CPT; U.S. Dept. of Health and Human Services, Office of Inspector General, Coding of Physician Services A-1 to A-2 (May 1994) ("HHS Report") at p. 1 and attached to the Eisenberg Decl. as Exhibit "C" (which was attached to the AMA's Opposition to PMIC's Motion for Preliminary Injunction). The code numbers and their accompanying descriptions are listed in numerical order, except that the frequently used code numbers beginning with the digits "99" are listed first. *See* CPT.

The CPT is used by physicians to obtain reimbursement for their medical services from the federal government, state governments and from private insurers. Eisenberg Decl., ¶¶ 6, 14. The physician finds the most accurate description for the services he or she has performed, locates the corresponding CPT code number and writes the number on the appropriate reimbursement forms. In addition, the CPT also contains guidelines and definitions which instruct medical professionals how to use the CPT. The guidelines appear at the beginning of each section and are essential for selecting the correct CPT code number. *See* CPT, at p. xii.

The AMA updates the CPT every year, revising the code numbers, descriptions, definitions, and guidelines. The AMA publishes and distributes the revised edition of the CPT in the fall of each year. The 1995 CPT was scheduled for release in October 1994.

The Health Care Financing Administration ("HCFA") is an agency of the United States Department of Health and Human Services ("HHS"). The HCFA is responsible for administrating the financial reimbursement of hospitals, physicians, and other health-care professionals for medical services performed under the federally funded Medicare and Medicaid programs. 42 Fed. Reg. 13262 (1977). HCFA is specifically charged with developing a uniform coding system for medical procedures to be used for reimbursement in all HCFA-administered programs. 42 U.S.C. § 1395w-4(c)(5). This system is commonly known as the HCFA Common Procedure Coding System or "HCPCS".

On February 1, 1983, HCFA entered into a licensing agreement with the AMA in which the AMA granted HCFA a royalty-free, nonexclusive license to use the CPT coding system. HHS Report at A-1 to A-2; Agreement, the Department of Health and Human Services, Health Care Financing Administration and American Medical Association, ¶ 3(a) dated February 1, 1983 ("Agreement") and attached as Exhibit "C" to AMA's Answer. HCFA may terminate the Agreement upon ninety days notice. Agreement, ¶ 10.

In exchange for this royalty-free license, HCFA promised to use its regulatory powers as a federal agency to "require the use of CPT-4...in programs administered by HCFA by its agents and other entities participating in those programs." Agreement, ¶ 2(b). HCFA also promised not to use any other system of procedure

nomenclature for reporting physicians' services. Agreement, ¶ 1. The Agreement also requires HCFA to include a copyright notice whenever it reprints the CPT. Agreement, ¶ 3(c). The notice is specifically designed to inform the public that only the AMA may reproduce the federally mandated AMA CPT system. Agreement, ¶ 3(c).

HCFA, other federal agencies and the United States Congress have incorporated the CPT into federal law.[1] These statutes and regulations mandate the use of the CPT coding system for obtaining reimbursement from the federal and state governments for medical services. For example, HCFA requires all states which receive federal funding or their Medicaid programs to adopt the CPT as the exclusive coding system to be used by all Medicaid health-care providers. 42 C.F.R. § 433.112(b)(2); *State Medicaid Manual*, Part 11, Section 11300 (App. K); *Medicaid Management Information Systems Requirements for Physician and Supplier Services*, 50 Fed. Reg. 40895, 40898 (1985) (adopting this requirement) (App. C).

The Department of Labor requires all health-care providers treating patients under the Federal Employees'

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[1] Section 9343(g) of the Omnibus Budget Reconciliation Act of 1986 requires that all hospitals, "as a condition of payment for outpatient hospital services" under Medicare Part B to use the CPT to report their services. Pub. L. No. 99-509, § 9343(g), 100 Stat. 2040 (reprinted as a note following 42 U.S.C.S. § 1395(u) (App. E).

Compensation Act to identify their services using only the CPT coding system. 20 C.F.R. § 10.411; *see also* 51 Fed. Reg. 8280 (1986) (adopting this requirement) (App. D). Similarly, Section 9343(g) of the Omnibus Budget Reconciliation Act of 1986 requires that all hospitals, "as a condition of payment for outpatient hospital services" under Medicare Part B, to use the CPT to report their services. Pub. L. No. 99-509, § 9343(g), 100 Stat. 2040 (reprinted as a note following 42 U.S.C.S. § 1395(u) (App. E).

HCFA annually publishes a complete list of the CPT code numbers in the *Federal Register*. Each code number is listed in numerical order and is accompanied by an abbreviated description of the medical services which the code number designates, and a table of numbers which are used to calculate the reimbursement that health-care professionals will receive for performing the listed medical services. HCFA also publishes a series of manuals, including the Medicare Intermediary Manual and the State Medicaid Manual, which provide instructions to the institutions that process claims under Medicare and Medicaid. 53 Fed. Reg. 21730 (1988). These manuals require the processing institutions to accept reimbursement applications which identify medical services using CPT code numbers.

For the past several years, PMIC has been reselling the CPT as printed by the AMA and currently resells more CPT books than anyone else. However, according to PMIC, the quality of the CPT has been declining annually,

and the 1995 CPT published by the AMA will contain many errors and omissions. The AMA announced that it will, for the first time, increase the size of its book from 6" x 9" to 8.5" x 11". PMIC claims that its customers overwhelmingly prefer the traditional 6" x 9" format. This preference has allegedly led PMIC to standardize its entire line of medical coding books in the 6" x 9" format. PMIC has indicated it intends to publish its own reference material using the CPT coding system or modified versions of the CPT coding system in the 6" x 9" format with its own corrections.

**2. Procedural History.**

PMIC filed its original Complaint on May 12, 1994. PMIC filed a motion for preliminary injunction against the AMA to enjoin the AMA from enforcing any copyrights for the CPT. On July 25, 1994, this Court denied that motion for preliminary injunction on the grounds that the CPT was sufficiently original to entitle it to copyright protection ("July 25 Order"). This Court rejected three of the four arguments presented by PMIC. The only issue left for determination was whether the federal government could destroy a valid copyright for a privately created reference book where the federal government then requires all physicians to use that reference book when participating in a federal program and seeking reimbursements. July 25, 1994 Order, at pp. 12-16.

On August 23, 1994, the parties signed a Stipulated Protective Order in which they agreed that certain evidence pertinent to this case may contain confidential or trade secret information and that such evidence or information would be designated as confidential.

On September 22, 1994 by Stipulation with PMIC, the AMA filed its Answer and Second Amended Counterclaim.

On October 21, 1994, the AMA filed the present Motion for Partial Summary Judgment seeking a judgment that the federal government's requirement that physicians use the CPT coding system when seeking reimbursement for participating in a federal program destroys [sic: does not destroy] a valid copyright in a privately created reference work. This motion is now before this Court.

On November 7, 1994, PMIC filed its Cross-Motion for Summary Judgment of Copyright Invalidity. This motion is also presently before this Court and is addressed concurrently herein.

On November 14, 1994, AMA filed a Motion for Preliminary Injunction to enjoin PMIC from using any portion of the CPT without the AMA's express written authorization. This motion is presently before this Court and is addressed in a separate order.

On November 15, 1994, PMIC filed its First Supplemental Complaint by Stipulation with the AMA.

The First Supplemental Complaint, in addition to the original request for declaratory judgment, also seeks monetary damages for statutory and common law unfair competition, intentional interference with contractual relationships, intentional interference with prospective economic advantage, false representation, specific performance, breach of contract and breach of the covenant of good faith and fair dealing. The First Supplemental Complaint does not affect any of the motions presently before this Court.

**Discussion**

**1. Standard.**

Under Rule 56(c) of the Federal Rules of Civil Procedure, summary judgment is proper only where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." The moving party has the burden of demonstrating the absence of a genuine issue of fact for trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). If the moving party satisfies the burden, the party opposing the motion must set forth specific facts showing that there remains a genuine issue for trial. Fed. R. Civ. P. 56(e).

A non-moving party who bears the burden of proof at trial to an element essential to its case must make a

showing sufficient to establish a genuine dispute of fact with respect to the existence of that element of the case or be subject to summary judgment. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). Such an issue of fact is a genuine issue if it reasonably can be resolved in favor of either party. *Anderson*, 477 U.S. at 250-51. The non-movant's burden to demonstrate a genuine issue of material fact increases when the factual context renders her claim implausible. *Matsushita Electric Industrial Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). Thus, mere disagreement or the bald assertion that a genuine issue of material fact exists, no longer precludes the use of summary judgment. *Harper v. Wallingford*, 877 F.2d 728 (9th Cir. 1989); *California Building Products, Inc. v. Franciscan Ceramics, Inc.*, 818 F.2d 1466, 1468 (9th Cir. 1987), *cert. denied*, 108 S. Ct. 698 (1988).

**2. The CPT Is Not A "Law".**

The Copyright Act extends copyright protection to original works of authorship. 17 U.S.C. §§ 102(a), 103. This Court has already determined that the CPT "is sufficiently original to entitle it to copyright protection." July 25 Order, at p. 13. The Copyright Act denies copyright protection only for statutes and judicial opinions originally created by the federal government or its officials. 17 U.S.C. §§ 101, 105.

In 1909, Section 7 of the Copyright Act provided a savings clause to allow the government to use copyrighted materials in its publications. H.Rep. 2222,

60th Cong., 2d Sess. 10 (1909). Further, Section 8 of the prior act provided:

> "The publication or republication by the Government, either separately or in the public document, of any material in which copyright is subsisting shall not be taken to cause any abridgement or annulment of the copyright or to authorize any use or appropriation of such copyright material without the consent of the copyright proprietor."

17 U.S.C. § 8 (1909). In 1976, Congress further confirmed that "publication or other use by the Government of a private work would not affect its copyright protection in any way." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 60 (1976) re 17 U.S.C. §§ 101, 105, and reprinted in 1976 U.S.C.C.A.N. 5659, 5672; M. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 5.06[B][2] 1993; 1 Paul Goldstein, *Copyright*, § 2.5.2.2 (1989).

PMIC contends that the CPT is a "law" because its contents are incorporated by federal and state governments in various statutes and regulations, and it is therefore exempt from copyright protection. This Court disagrees. A ruling in PMIC's favor would be tantamount to invalidating the longstanding copyrights of such privately developed works as *A Uniform System of Citation* or West Publishing Company's case numbering system. Such a

ruling would also be inconsistent with longstanding case law. *Educational Testing Service v. Katzman*, 793 F.2d 533, 540 (3d Cir. 1986) (upholding the ETS copyright even though the standardized test is a required entrance exam for many state schools); *West Publishing Co. v. Mead Data Central, Inc.*, 799 F.2d 1219 (8th Cir. 1986), *cert. denied* 479 U.S. 1070 (1987) (required use of West numbering system for its reporters in the practice of law did not invalidate West's copyright). These private works, like the CPT, are required for use by the public, but such works have not themselves been enacted as law.

PMIC's position would undermine the official policies of the federal government to utilize private works. The Office of Management and Budget ("OMB") has directed federal agencies to adopt private works "whenever practicable and appropriate" thereby "eliminat[ing]... costs to the Government." Revision of OMB Circular No. A-119, Notice of Implementation, 58 Fed. Reg. 57643, 57644-57645 (1993) (attached to the AMA's Moving Papers as Exhibit "A"). The OMB's stated policy provides:

> "Voluntary standards adopted by Federal agencies should be referenced, along with their dates of issuance and sources of availability, in appropriate publications, regulatory orders, and related in-house documents. Such adoption should take into account the requirements of copyright and other similar restrictions."

*Id.* Similarly, the Federal Communications Commission ("FCC") has adopted technical standards promulgated by the American National Standards Institute ("ANSI") which are set forth in a copyrighted publication of the Institute of Electrical and Electronics Engineers.[2] The Environmental Protection Agency also relies on standards promulgated and copyrighted by a private company, the American Society for Testing and Materials ("ASTM"). Declaration of Morris R. Brooke, at pp. 3-7.

The copyrights of privately developed works have been upheld and not ruled "laws" where the public has been required to use such work in governmental programs. *Rand McNally & Co. v. Fleet Management Systems, Inc.*, 591 F. Supp. 726, 736 (N.D.Ill. 1983) (upholding a copyright despite the federal government's use of a privately published distance guide as a tariff reference publication); *Del Madera Properties v. Rhodes and Gardner, Inc.*, 637 F. Supp. 262, 264 (N.D.Cal. 1985), *aff'd*, 820 F.2d 973 (9th Cir. 1987). The *Del Madera* Court found:

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[2] The FCC requires communications companies to use Rand McNally's *Commercial Atlas & Marketing Guide* when conducting their operations in a given locality. FCC, Public Notice, Personal Communications Services Information (Sept. 22, 1994) (which acknowledges Rand McNally's copyright and the licensing agreement) (A copy of this document was attached to the AMA's moving papers as Exhibit "E").

> "defendants argue that edicts of governments such as judicial opinions, administrative rulings, and legislative enactments are not copyrightable for reasons of public policy. 17 U.S.C. § 702...In support of this argument, defendants rely on *Building Official & Code Administrators International, Inc. v. Code Technology, Inc.*, 628 F.2d 730 (1st Cir. 1980) . . . Defendants' 'governmental enactment' argument is unpersuasive. There is no basis for a holding that the Tentative Map is an administrative ruling, legislative enactment, or similar official document. Unlike the building code at issue in *Code Technology*, the Map is not a self-executing ordinance. The analogous enactment consists of Resolution 1165 that approved the Tentative Map. The Map itself was merely approved and was not transformed by this act into law."

637 F. Supp. at 264. Similarly, the *Rand McNally* court held:

> "The law in this area is old and well-settled. It has remained limited to statutes and opinions promulgated by government officials for general application. No great expansions in scope have occurred since the major decisions of the late 1890's. The

> court sees no reason to extend this body of law to a privately published distance guide that is used as a tariff reference publication."

591 F. Supp. at 736. Thus, a federal agency's incorporation of a privately developed reference work as required use when participating in a government program does not destroy the copyright for that work. *Del Madera*, 637 F. Supp. at 264; *Rand McNally*, 591 F. Supp. at 735-736.

The *Code Technology* and *NADA Services Corp. v. CCC Information Services, Inc.* ("*NADA*") cases cited by PMIC are inapposite. *NADA*, 1991 U.S. Dist. LEXIS 18874 (N.D.Ill. 1991).[3] The *Code Technology* case involved a privately developed building code that the state of Massachusetts adopted as a set of administrative regulations. 628 F.2d at 731. Because that building code provided for self-executing guidelines and violations of these guidelines could lead to sanctions, the *Code Technology* court held that the subject building code was not entitled to copyright protection. 628 F.2d at 734. Unlike the *Code Technology* building code, the CPT does not have self-executing guidelines and there is no provision for sanctions. Further, the Agreement provides

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[3] As this Court noted in its July 25 Order, the *NADA* case is distinguishable because this matter was not decided on the merits regarding the copyright misuse claim. The *NADA* court merely denied the motion for preliminary injunction. July 25 Order, at p. 11, n. 2.

that the HCFA may terminate its agreement with the AMA and discontinue use of the CPT upon 90 days written notice. Agreement, ¶ 10. Thus, the legislature need not take any formal legal action to repeal the CPT to cease the use of the CPT for reporting purposes, as required with a "law".

*Del Madera* is directly on point with this case. Like *Del Madera*, the CPT is not a self-executing ordinance. The CPT is a reference book with descriptions of medical procedures and corresponding numerical codes. In essence, the CPT is used to facilitate the procedural implementation of a federal law, but the CPT does not affect nor alter any physician's substantive rights. The CPT does not prescribe the conditions under which a particular medical service is subject to reimbursement. The federal government does not have to repeal a statute or ordinance to cease using the CPT for Medicaid or Medicare reporting. The HCFA need only give the AMA 90 days written notice of termination of the Agreement. The CPT does not sound like, look like nor act like a law.

The HCFA recognized that the AMA's copyright must be preserved "to ensure both that CPT would be maintained in a consistent and reliable form for the foreseeable future and that it would be updated in a timely manner." Brown Decl., ¶ 6. The Agreement specifically acknowledges the validity of the AMA's copyright in the CPT and the HCFA's intention not to destroy that copyright by utilizing the medical coding system provided in that private work. Agreement, ¶ 3(c).

This Court notes that public policy concerns also militate against PMIC's position that the CPT is a law and is therefore invalid. PMIC's position would amount to an unlawful taking of private property. Under PMIC's position, the government could adopt any portion of a private copyrighted work for any purpose and at any time, and the copyright would be invalidated. Such a scenario would have a complete chilling effect upon private industry. Private industry would have no incentive to spend enormous sums on research and development knowing that the government could at any time incorporate such work. Brooke Decl., ¶¶ 7-8, 10. Under this reasoning, the public would also suffer because the government would be required to invest vast tax dollars to research areas which in the past the government has had the ability to utilize the private sector's advancements.

In essence, PMIC merely seeks to plagiarize the private work of the AMA without compensating the AMA for its copyright. PMIC is not entitled to do so. Based upon the foregoing, this Court rejects PMIC's claim that the AMA consented to the government's adoption of the CPT as law and finds that the CPT is not a "law", the CPT is entitled to copyright protection, and grants the AMA's Motion for Summary Judgment on this ground.

**3. PMIC's Position Would Amount To An Unlawful Taking.**

This Court has already ruled that destruction of the AMA's copyright in the CPT would amount to an

unlawful taking of the AMA's property. July 25 Order, at p. 10. This Court specifically found that:

> "PMIC has failed to sufficiently rebut the AMA's takings argument. As the AMA points out, '[a]n interest in a copyright is a property right protected by the due process and just compensation clauses of the Constitution.' *See* Opposition at 14-15; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 493 U.S. 961 (1983). This Court is unwilling to hold, at this time, that the AMA somehow waived its property rights in the CPT by encouraging the government to adopt the CPT as the industry standard for obtaining reimbursement for various medical procedures."

*Id.* As noted in Section 2 *supra*, PMIC's position would amount to a full scale taking of thousands of copyrights by the federal government and would subject the government to millions of dollars in just compensation awards. The *Roth* court noted that:

> "the spectre of a constitutional issue concerning the proper application of the 'takings clause'. . . is sufficient cause to construe the statute" to avoid reaching issues under the Takings Clause."

710 F.2d at 939. There is more than ample evidence before this Court which indicates that the Takings Clause of the Constitution would be violated if the Court were to adopt PMIC's position. Therefore, this Court again finds that PMIC has failed to rebut the AMA's takings argument.

**4. PMIC's Copyright Misuse Claim Is Without Merit.**

PMIC contends that the AMA has misused its copyright in the CPT by violating the Clayton Act through its exclusive dealing arrangement with the HCFA. PMIC also contends that the AMA's conduct constitutes copyright misuse by analogy to the antitrust laws. This Court disagrees. Although this Court acknowledges that some courts have recognized the copyright misuse claim (*Broadcast Music, Inc. v. Hearst/ABC Viacom Entertainment Servs.*, 746 F. Supp. 320 (S.D.N.Y. 1990)), this Court finds that the undisputed facts demonstrate that the Agreement does not amount to copyright misuse. This Court previously ruled that the PMIC failed to show sufficient evidence of copyright misuse. July 25 Order, at pp. 15-16. This Court also previously distinguished the *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990) case so heavily relied upon by PMIC again in its present opposition and cross-motion.[4]

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[4] The other cases cited by PMIC on its copyright misuse argument are also distinguishable from the present case. *Saturday Evening Post Co. v. Rumbleseat Press,*

*Inc.*, 816 F.2d 1191, 1200 (7th Cir. 1987) (the court denied a copyright misuse claim for failure to prove a violation of antitrust law and noting that there is less danger of monopoly in the copyright context than in the patent arena); *National Cable Television Association, Inc. v. Broadcast Music, Inc.*, 772 F. Supp. 614, 652 (D.D.C. 1991) (where court held that the infringers failed to prove any violation of the antitrust laws or that the patentee somehow illegally extended its monopoly or violated the public policy underlying the copyright law to establish patent misuse. The court noted that "any anticompetitive effects" engendered by the patentee "are outweighed by the beneficial effects" that promote the "important public purposes of the Copyright Act: the compensation of copyright proprietors for the public performances of their works."); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 668 (Fed. Cir. 1986) (involving a patentee whom the court assumed was requiring others to lease a non-patented machine to obtain a license to use a patent. Patentee failed to provide evidence that the machine was covered by the same patent, as alleged, and the court therefore construed the subject machine as unpatented and granted summary judgment against the patentee on the grounds of patent misuse); *Berlenbach v. Anderson and Thompson Ski Co., Inc.*, 329 F.2d 782, 784 (9th Cir. 1964), *cert. denied*, 379 U.S. 830 (1964) (the court granted summary judgment on the patent misuse defense on the grounds that the patentee entered into a licensing agreement which also required the exclusive sales of non-patented items with patented items); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 136-137 (1969) (the court granted an injunction finding patent misuse by a patentee who

PMIC has failed to provide this Court with any new or persuasive evidence to support its copyright misuse claim. The law and undisputed facts before this Court demonstrate that the Agreement does not violate public policy and does not constitute copyright misuse. The Agreement is freely terminable upon 90 days written notice; the HCFA on its own initiative sought a single national medical code for use in Medicare and Medicaid reimbursements; and the AMA did not coerce the HCFA to choose one code over others or to accept the AMA's royalty-free license to use the CPT. Brown Decl., ¶¶ 3, 6, 9. As a result, this Court finds that Agreement between the AMA and the HCFA does not constitute copyright misuse and **denies** PMIC's Cross-Motion for Summary Judgment on this ground and **grants** the AMA's Motion for Summary Judgment.

In granting the AMA's Motion for Summary Judgment as to the declaratory judgment claim for relief,[5] this Court does not reach the viability of PMIC's new

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required payment of royalties whether or not a sale or the intended use involved a patented product).

[5] The AMA's and PMIC's motions for summary judgment were filed prior to the filing of the First Supplemental Complaint which stated eight new claims for relief.

claims for relief set forth in the First Supplemental Complaint.

IT IS SO ORDERED.

DATED: DEC. 5, 1994. /s/ DICKRAN TEVRIZIAN
Dickran Tevrizian, Judge
United States District Court

# APPENDIX F

ENTERED
DEC. 8, 1994
Clerk, U.S. District Court
Central District of California
By /s/ Deputy

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

PRACTICE MANAGEMENT INFORMATION CORPORATION, a California corporation,

Plaintiff-Counterdefendant,

vs.

AMERICAN MEDICAL ASSOCIATION, an Illinois nonprofit corporation,

Defendants.

CASE NO. CV 94-3107 DT (GHKx)

ORDER GRANTING DEFENDANT AMERICAN MEDICAL ASSOCIATION'S MOTION FOR PRELIMINARY INJUNCTION

**Background**[1]

By Stipulation, plaintiff Practice Management Information Corporation ("PMIC") agreed not to reproduce, publish, distribute or release its own version of the reference work the *Physicians' Current Procedural Terminology* ("CPT") before the AMA's Motion for Partial Summary Judgment is heard on December 5, 1994. *See* Stipulation to Continue Hearing Date re AMA's Motion for Partial Summary Judgment, at pp. 1-2. PMIC previously indicated its intention to publish its own version of the CPT with purported changes and corrections before December 31, 1994. Declaration of James B. Davis, ¶¶ 20, 35, filed in support of PMIC's Motion for Preliminary Injunction dated June 26, 1994, ¶¶ 20, 35.

**2. Procedural History.**

PMIC filed its original Complaint on May 12, 1994. PMIC filed a motion for preliminary injunction against the AMA to enjoin the AMA from enforcing any copyrights in the CPT. This motion for preliminary injunction was denied by this Court on July 25, 1994 on the grounds that the CPT was sufficiently original to entitle it to copyright

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[1] A detailed factual background is set forth in this Court's Order granting defendant American Medical Association's Motion for Summary Judgment and denying Plaintiff Practice Management Information Corporation's Cross-Motion for Partial Summary Judgment and said background is incorporated herein by this reference.

protection. ("July 25 Order"). This Court rejected three of the four arguments presented by PMIC. The only issue left for determination was whether the federal government could destroy a valid copyright for a privately created reference book where the federal government then requires all physicians to use that reference book when participating in a federal program and seeking reimbursements. July 25 Order, at pp. 12-16.

On August 23, 1994, the parties signed a Stipulated Protective Order in which they agreed that certain evidence pertinent to this case may contain confidential or trade secret information and that such evidence or information would be designated as confidential.

On September 22, 1994, by Stipulation with PMIC, the AMA filed its Answer and Second Amended Counterclaim.

On October 21, 1994, the AMA filed a Motion for Partial Summary Judgment seeking a judgment that the federal government's requirement that physicians use the CPT when participating in a federal program destroys [sic: does not destroy] a valid copyright in a privately created reference work. This motion is now before this Court and is addressed in a separate order.

On November 7, 1994, PMIC filed its Cross-Motion for Summary Judgment of Copyright Invalidity. This motion is also now before this Court and is addressed in

a separate order along with the AMA's Motion for Summary Judgment.

On November 14, 1994, AMA filed the present Motion for Preliminary Injunction to enjoin PMIC from infringing on AMA's copyright in CPT, including the use of any portion of the CPT for sale with the AMA's express written authorization. This motion is presently before this Court.

On November 15, 1994, PMIC filed its First Supplemental Complaint by Stipulation with the AMA. The First Supplemental Complaint, in addition to the original request for declaratory judgment, also seeks monetary damages for statutory and common law unfair competition, intentional interference with contractual relationships, intentional interference with prospective economic advantage, false representation, specific performance, breach of contract and breach of the covenant of good faith and fair dealing. The First Supplemental Complaint does not appear to affect any of the motions presently before this Court.

**Discussion**

**1. Standard.**

The plaintiff is required to show that he will suffer irreparable injury and that he is likely to prevail on the merits. *Doran v. Salem Inn, Inc.*, 422 U.S. 922, 931 (1975); *Johnson Controls, Inc. v. Phoenix Control Syst.*,

*Inc.*, 886 F.2d 1173, 1174 (9th Cir. 1989). The *Johnson Control* court stated that where a party seeks to enforce its copyright, "a showing of a reasonable likelihood of success on the merits raises a presumption of irreparable harm." 886 F.2d at 1174; *see also Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1254 (3d cir. 1983), cert. dismissed, 464 U.S. 1033 (1984), where the court found a presumption of irreparable injury when evidence demonstrated a significant amount of time, effort and money were directed to the production of the copyrighted material. Therefore, the moving party need only show a likelihood of success on the merits and need not also demonstrate the danger of irreparable harm. 3 M. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 14.06[A], at pp. 14-85 to 14-86 (1994).

**2. The AMA Is Entitled to A Preliminary Injunction Against PMIC.**

PMIC contends that it will suffer extreme and irreparable harm if this motion is granted.[2] PMIC also contends that the AMA has not suffered any harm, the AMA's harm to the public claim is groundless and the AMA's delay in seeking injunctive relief bars the AMA's request. This Court disagrees.

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[2] PMIC also contends that the injunction sought is overbroad. This argument is now moot given the AMA's clarification that it does not seek to enjoin PMIC publications which do not copy or modify the 1995 CPT.

The AMA is only required to demonstrate a likelihood of success on the merits to prevail on the present motion for preliminary injunction. As this Court has already determined with the AMA's Motion for Partial Summary Judgment, the AMA has a valid and enforceable copyright for the CPT. This Court has also determined in its lengthy order regarding the motion for partial summary judgment that (1) the AMA's copyright is not invalidated by the government's use of the designations set forth in the CPT; (2) the CPT is not a "law", as PMIC has argued at length, and (3) the CPT does not fall within the narrow exception of the Copyright Act for statutes and opinions.

In addition, this Court rejects PMIC's contention that this motion is untimely. The AMA has indicated that it seeks only to enjoin the copying and publication of any works incorporating portions of the 1995 CPT by PMIC. The 1995 CPT was published just two weeks ago. Therefore, this Court finds that this motion is timely.

Finally, this Court has already determined that one source researching and updating the 1995 CPT best advances public policy. Order re the AMA's Motion for Summary Judgment, at p. 14-15, citing the Declaration of Judith Brown, ¶¶ 6-8. Allowing PMIC to modify and publish different versions of the 1995 CPT will greatly increase the AMA's own costs to verify and resolve conflicts in the PMIC's versions with the AMA's versions of the 1995 CPT to maintain the integrity of the 1995 CPT and its own reputation. Further, multiple modified versions of the 1995 CPT with different codes could

confuse physicians and the government who rely on the accuracy and uniformity of the 1995 CPT and could substantially impair the reimbursement process. This Court rejects PMIC's suggestion that limited monetary damages in the realm of licensing fees will adequately compensate the AMA. This Court recognizes the enormous resources that are devoted to the research and development of private resource works like the CPT and the statutory damages to which a copyright holder is entitled. This Court also recognizes that multiple modified versions of the 1995 CPT could cause damage to the AMA's and the CPT's reputation.

Based upon this Court's findings, the AMA is entitled to a preliminary injunction against PMIC enjoining PMIC from reproducing the 1995 CPT or from publishing, distributing, releasing, modifying or conducting any other activity which infringes the AMA's copyright in the 1995 CPT. Therefore, this Court grants the AMA's Motion for Preliminary Injunction. This Order does not affect any other PMIC publications.

**3. The AMA Is Required To Post A Reasonable Bond.**

Rule 65(c) of the Federal Rules of Civil Procedure provides that this Court may prescribe a proper bond that will compensate a party who is wrongfully enjoined as a prerequisite for an injunction. PMIC has requested the AMA be required to post a bond in the amount of $1,750,000. This Court finds this amount is excessive and

unwarranted. A review of PMIC's figure demonstrates that $750,000 of that amount represents the sale of books which are not covered by the injunction requested herein. In addition, this Court cannot make a determination of the propriety of the remaining amount of this figure because PMIC has presented incompetent hearsay and conclusory evidence as the basis for this figure. This Court finds a reasonable bond in the amount of **$100,000** is justified and orders the AMA to post a bond in that amount **on or before 12:00 P.M., Friday, December 9, 1994**.

IT IS SO ORDERED.

DATED: DEC. 5, 1994. /s/ DICKRAN TEVRIZIAN
Dickran Tevrizian, Judge
United States District Court

# APPENDIX G

# ADDITIONAL STATUTES AND REGULATIONS INVOLVED

***Health Insurance Portability and Accountability Act of 1996***, Pub. L. No. 104-191, 110 Stat. 2021:

**42 U.S.C. § 1320d(1):**

> Code Set. The term "code set" means any set of codes used for encoding data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes.

**42 U.S.C. § 1320d-2(c):**

> **Code Sets.** (1) In general. The Secretary shall adopt standards that —
>
> > (A) select code sets for appropriate data elements for the transactions referred to in subsection (a)(1) from among the code sets that have been developed by private and public entities; or
> >
> > (B) establish code sets for such data elements if no code sets for the data elements have been developed.

**42 U.S.C. § 1320d-4(b):**

**Compliance with standards.** (1) Initial compliance. (A) In general. Not later than 24 months after the date on which an initial standard or implementation specification is adopted or established under sections 1172 and 1173 [42 U.S.C. §§ 1320d-1, 1320d-2], each person to whom the standard or implementation specification applies shall comply with the standard or specification.

**42 U.S.C. § 1320d-5(a):**

**General penalty.** (1) In general. Except as provided in subsection (b), the Secretary shall impose on any person who violates a provision of this part [42 U.S.C. §§ 1320d et seq.] a penalty of not more than $100 for each such violation, except that the total amount imposed on the person for all violations of an identical requirement or prohibition during a calendar year may not exceed $25,000.

***Omnibus Budget and Reconciliation Act of 1986***, Pub. L. No. 99-509 § 9343(g), 100 Stat. 2040:

REPORTING OF OPD SERVICES USING HCPCS. - Not later than July 1, 1987, each fiscal intermediary which processes claims under part B of title XVIII of the Social Security Act [Medicare Part B] shall require hospitals, as a condition of payment for outpatient hospital services under that part, to report claims for payment for such services under such part using a HCFA Common Procedure Coding System.

**20 C.F.R. § 10.411(c):**

Bills submitted by providers which are not itemized on the American Medical Association "Health Insurance Claim Form" (for physicians) or the Uniform Bill (UB-82) (for hospitals), or are not signed by the provider and the claimant, or on which procedure are not identified by the provider using HCPCS/CPT codes or RCCs, or on which diagnoses and/or surgical procedures are not identified using ICD-9-CM codes, may be returned to the provider for correction and resubmission.

**42 C.F.R. § 433.112(b):**

HCFA will approve the system described in the APD if the following conditions are met:

* * *

(2) The system meets the system requirements and performance standards in Part 11 of the State Medicaid Manual, as periodically amended.

**State Medicaid Manual, Ch. 11 § 11300:**

To receive HCFA approval for funding under 42 CFR § 433, an existing or proposed system must:

* * *

-- Accept and use the HCFA Common Procedures Coding System (HCPCS).

**CAL CODE REGS. tit. 22, § 51050 (1994):**

Physicians' Current Procedural Terminology means a coded listing and description of medical services prepared and updated annually by the American Medical Association. The Physicians' Current Procedural Terminology, 1987, and subsequent editions, is herein incorporated by reference into these regulations.

**CAL CODE REGS. tit. 1, § 20(e) (1994):**

Where a regulation which incorporates a document by reference is approved by OAL and filed with the Secretary of State, the document so incorporated shall be deemed to be a regulation subject to all provisions of the APA.

# APPENDIX H

September 22, 1997

**BY HAND DELIVERY**

Christopher Vasil
Assistant Deputy Clerk
Office of the Clerk
Supreme Court of the United States
One First Street, N.E.
Washington, D.C. 20543

Re: PMIC v. AMA, No. 97-401

Dear Mr. Vasil:

I am writing on behalf of the American Medical Association ("AMA") in response to the letter dated September 5, 1997 to you from Mr. Joseph R. Re, counsel for petitioner Practice Management Information Corp. ("PMIC") in the above-captioned matter.

At the time the petition was filed, the decision as to which petitioner seeks a writ of certiorari was pending before the Ninth Circuit on the AMA's timely filed petition for rehearing and suggestion for rehearing en banc. (In fact, that decision remains pending; on September 10, 1997, the Ninth Circuit directed PMIC to response to the AMA's petition, and PMIC has yet to file its response.) In these circumstances, there is no judgment for the Court to review. See, e.g., Department of Banking v. Pink, 317 U.S. 264, 266 (1942) (per curiam) ("A timely

petition for rehearing ... operates to suspend the finality of the ... court's judgment, pending the court's further determination whether the judgment should be modified so as to alter its adjudication of the rights of the parties."); Missouri v. Jenkins, 495 U.S. 33, 46 (1990 ("[W]hile the petition for rehearing is pending, there is no 'judgment' to be reviewed"). Accordingly, the petition was not timely field and, because it has now been docketed, should be denied. See 28 U.S.C. § 2101(c) ("any writ of certiorari . . . shall be taken or applied for within ninety days after the entry of such judgment or decree") (emphasis added); Supreme Court Rule 13.3 (time for filing runs "from" the date judgment is entered); see generally R. Stern, et al., Supreme Court Practice § 6.3, at 284-85 (7th ed. 1993).

Of course, were the Court to call for a response, the AMA would be pleased to file a brief in opposition on the merits.

We would be grateful if this letter could be submitted to the Court along with the petition and Mr. Re's letter. Thank you for your attention to this matter.

Very truly yours,

Mark E. Haddad

cc: Joseph R. Re, Esquire

# APPENDIX I

September 5, 1997
**VIA FEDERAL EXPRESS**

Office of the Clerk
SUPREME COURT OF THE UNITED STATES
1 First Street, N.E.
Washington, D.C. 20543

Attn: Chris Vasil

Re: *Practice Management Info. Corp. v. American Medical Ass'n*
Undocketed Petition for Writ of Certiorari
Our Reference No.: PMICL.010LA1

Dear Mr. Vasil:

I am counsel of record for Petitioner Practice Management Information Corporation (PMIC). On August 29, 1997, I submitted a Petition for Writ of Certiorari to this Court for filing. The Respondent is the American Medical Association (AMA). Counsel for the AMA has informed me that his office contacted the office of the Clerk of this Court *ex parte* and argued over the telephone that PMIC's petition is premature under this Court's Rule 13.3. The AMA argued that PMIC could not petition for certiorari until the court below ruled on a Petition for Rehearing which the AMA had just filed. The AMA's Petition for Rehearing does not relate in any way

to the issues presented by PMIC's Petition for Writ of Certiorari.

On September 4, 1997, my office received a telephone call from the Office of the Clerk inviting PMIC to submit this letter responding to the AMA's prematurity argument. PMIC believes the Office of the Clerk has no authority to reject PMIC's petition and that the argument presented by the AMA is without merit. Accordingly, PMIC respectfully requests that its petition be docketed without further delay, with an effective docketing date of September 2, 1997.

## A. The Office Of The Clerk Cannot Reject PMIC's Petition On Its Own Authority Because The Supreme Court Has Jurisdiction To Entertain It

The Office of the Clerk has authority to reject a Petition for Writ of Certiorari as untimely only if the petition is "***jurisdictionally*** out of time." Sup. Ct. Rule 13.2 (emphasis added). The Supreme Court's jurisdiction is governed by 28 U.S.C. § 2101(c). *See Missouri v. Jenkins*, 495 U.S. 33, 45 (1990). Section 2101(c) states that a Petition for Writ of Certiorari must be "applied for within ninety days after the entry of [the] judgment or decree." This statute merely imposes a ***deadline*** for filing a Petition for Writ of Certiorari. It sets no ***first*** date for filing before which a petition would be premature.

PMIC has plainly satisfied the jurisdictional requirement for timeliness. PMIC seeks review of a

decision of the United States Court of Appeals for the Ninth Circuit issued on August 6, 1997. Pursuant to Rule 36 of the Federal Rules of Appellate Procedure, the Clerk of the Ninth Circuit entered judgment on that day, upon receipt of the Ninth Circuit's opinion. Thus, this Court has jurisdiction to entertain any petition filed on or before November 4, 1997. PMIC filed and served its Petition for Writ of Certiorari upon the AMA on August 29, 1997. Because PMIC has satisfied the jurisdictional requirement for timeliness, the Office of the Clerk must docket PMIC's petition.

**B. PMIC's Petition Fully Complies With This Court's Rules**

The AMA does not even appear to argue that PMIC's petition is jurisdictionally out of time. Instead, it argues that PMIC's petition is not timely under this Court's Rule 13. This Court's jurisdiction, however, is set by statute, not by the Court's own rules. Thus, even accepting the AMA's interpretation of this Court's rules, the Office of the Clerk must accept PMIC's petition for docketing. The AMA would then be free to formally raise any non-jurisdictional defect with the Court or a Justice by motion.

In any event, PMIC's petition is timely under this Court's rules. Rule 13.1 provides that "a petition for writ of certiorari . . . is timely filed with the Clerk of this Court within 90 days after entry of the judgment." By its plain terms, this rule, like the jurisdictional statute, merely

sets a deadline for filing a Petition for Writ of Certiorari. It does not set the first date on which a petition may be filed. Thus, PMIC's petition is proper under Rule 13.1.

Rule 13.3 merely postpones the deadline for filing a Petition for Writ of Certiorari in the event that a Petition for Rehearing is filed in the Court of Appeals. Rule 13.3 provides that the 90-day deadline set by Rule 13.1 "runs from the date of the denial of the petition for rehearing or, if the petition for rehearing is granted, the subsequent entry of judgment." Like Rule 13.1, this rule does not even address the earliest date on which a petition may be filed. It merely extends the deadline for filing. Indeed, nothing in Rule 13, or anywhere else in this Court's rules, suggests that there is an early date before which a petition may not be filed.

In this case, the AMA filed a Petition for Rehearing in the Ninth Circuit on August 20, 1997. Pursuant to Rule 13.3, that Petition extends the time during which the AMA and PMIC are permitted to file a Petition for Writ of Certiorari. However, by its plain terms, Rule 13.3 simply does not deprive a party of the opportunity to seek prompt review by this Court if that party so desires.

By telephone, the Office of the Clerk referred PMIC to the authorities which it believed might suggest that PMIC's filing is premature. Specifically, the Office of the Clerk referred to Chapter 6.3 of Stern & Gressman's *Supreme Court Practice*, and the cases cited therein. The

cases cited by Stern & Gressman provide no support for the suggestion that PMIC's petition is premature.

In Chapter 6.3, Stern & Gressman set forth the rule that filing a Petition for Rehearing extends the 90-day deadline for filing a Petition for Writ of Certiorari, as discussed above. Stern & Gressman also suggest that a Petition for Rehearing may render premature a Petition for Writ of Certiorari. However, there is no support whatsoever in this Court's decisions for Stern & Gressman's assertion. Stern & Gressman cite only *Missouri v. Jenkins*, 495 U.S. 33, 45-50 (1990), for support. However, *Missouri v. Jenkins* provides absolutely no support for this proposition. *Missouri v. Jenkins* is a case in which the petitioner filed its petition ***after*** the 90-day deadline. In fact, the petitioner sought to file its petition a full 134 days after entry of judgment in the Court of Appeals. *Id.* at 44. This Court concluded that the petition was nevertheless timely because a Petition for Rehearing had in effect been filed in the Court of Appeals. *Id.* at 45-50.

This Court in *Missouri v. Jenkins* simply was not presented with the question of whether a petition was premature. Moreover, this Court did not discuss the earliest date on which a Petition for Writ of Certiorari can be filed. Nor did this Court discuss whether a filing in a lower court can somehow convert a timely Petition for Writ of Certiorari into a premature one. The issue was not presented, and was not discussed even in *dicta*.

Stern & Gressman do not cite a single case in which this Court rejected a Petition for Writ of Certiorari as premature, due to the filing of a Petition for Rehearing or for any other reason. Nor do they cite a single case in which the Court has even suggested that it would reject a Petition for Writ of Certiorari as premature. Similarly, PMIC has been unable to locate any case in which this Court has rejected a Petition for Writ of Certiorari as premature, or has suggested that it would do so. To the contrary, 28 U.S.C. § 2101(e) and this Court's Rule 11 permit the filing of a Petition for Writ of Certiorari even ***before*** entry of judgment below. Plainly, if this Court may grant a petition before judgment has even been entered, PMIC's petition is not premature.

Moreover, even the reasoning presented by Stern & Gressman has no applicability to this case. In their brief discussion of the issue, Stern & Gressman expressed concern that the lower court might alter its judgment based upon the arguments presented in a Petition for Rehearing, and thus alter the issues before this Court. There is no possibility of that occurring here. The AMA's Petition for Rehearing raises only those issues on which the AMA lost below. PMIC's Petition for Writ of Certiorari, in contrast, raises only those issues on which PMIC lost below. Thus, there is no risk that the Ninth Circuit will even address the issues raised by PMIC's petition.

In any event, it would be improper for the Office of the Clerk to reject PMIC's petition on its own authority

based solely upon the opinion of Stern & Gressman. The Office of the Clerk should not reject a petition without direct guidance from a controlling Supreme Court case or unambiguous guidance from a statute or Rule of Court.

The interpretation of Rule 13 proposed by the AMA should be rejected for still another reason – it is completely unworkable. Litigants can and do file Petitions for Writs of Certiorari before an opposing party files a Petition for Rehearing in the court below. Indeed, that almost occurred in this case; PMIC served its Petition for Writ of Certiorari just eight days after the AMA filed its Petition for Rehearing. When a party files a Petition for Writ of Certiorari before any Petition for Rehearing is filed, this Court unquestionably must docket the petition. Yet, under the AMA's interpretation of Rule 13, the petition would suddenly become premature if the opposing party later filed a Petition for Rehearing in the court below. Plainly, that cannot be the law. A properly docketed case cannot become premature based upon another party's subsequent actions. Once a case is properly docketed, it can be removed from the docket only by a motion to dismiss, not by a phone call from the opposing party and the actions of the Office of the Clerk.

Here, PMIC filed its petition promptly because it seeks a prompt adjudication from this Court. Unlike most litigants, PMIC did not delay its filing until the last minute. Instead, it has done everything in its power to obtain the fastest possible ruling on its petition. Yet, the AMA has already successfully delayed resolution of

PMIC's petition merely by telephoning the Office of the Clerk *ex parte*. It is grossly unfair, and procedurally improper, for the AMA to thwart a speedy resolution of this case through an *ex parte* telephone call to the Court.

If the AMA has good reason to delay PMIC's petition, proper channels are available to it. For good cause, the AMA may seek an extension of time to file its opposition under Rule 15.3. Unlike the informal way the AMA has chosen, a motion to extend time ultimately must be approved by the Court or a Justice. *See* Sup. Ct. Rules 15.3, 30.4. Similarly, if the AMA believes PMIC's petition is premature or otherwise improper, it may file a motion to dismiss under Rule 21. Again, such a motion must be directed to the Court or a Justice. *See* Sup. Ct. Rules 21-22. The Office of the Clerk should not, on its own authority, effectively grant the AMA relief for which a motion is required.

For these reasons, PMIC respectfully requests that its Petition for Writ of Certiorari be docketed without further delay. The official date of docketing should be September 2, 1997, when PMIC's Petition for Writ of Certiorari arrived at the Court. That is the date on which the petition should have been docketed in the first instance, and there is no reason to docket the petition on a later date. The AMA will not be prejudiced by this docketing date because it was served with PMIC's petition

on August 29, 1997, and has had the petition in its possession since September 2, 1997.

Respectfully submitted,

Joseph R. Re
*Counsel of Record for Petitioner*
*Practice Management*
*Information Corp.*

cc: Jack Bierig, Esq. (counsel for Respondent)
(via Federal Express)